

SCOTT M. MATHESON  
Governor

GORDON E. HARMSTON  
Executive Director,  
NATURAL RESOURCES

CLEON B. FEIGHT  
Director



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116  
(801) 533-5771

*Rio Algom Mill  
file. Make 3 copies  
of the attached  
surety escrow  
form.*  
OIL, GAS, AND MINING BOARD  
I. DANIEL STEWART  
Chairman

CHARLES R. HENDERSON  
JOHN L. BELL  
THADIS W. BOX  
C. RAY JUVELIN

MEMORANDUM  
\*\*\*\*\*

To: Jack Feight  
From: Ron Daniels  
Date: February 15, 1978  
Subject: Rio Algom Surety (Escrow)

Attached is a copy of a proposed escrow agreement for reclamation at the Lisbon (Humecca) uranium mill which is operated by Rio Algom.

The Nuclear Regulatory Commission (NRC) has placed a March 1st deadline on Rio Algom to have a reclamation surety in place with the Board. The representative for Rio Algom, Gordon Littlejohn, was informed that this was not possible, but that we could give administrative approval to the escrow agreement. Final approval could be given by the Board at its March meeting.

Some of the terms have been changed within the proposed agreement, namely that payments would be yearly, rather than monthly. I believe there are other changes, but will let the "legal eagle", you find them.

1. Do you think this will be a satisfactory agreement?
2. Should we send a copy to Dan Stewart with a memo?

*yes 7*



\* MINED LANDS RECLAMATION AGREEMENT \*

(ESCROW)

WHEREAS, the Operator is able and willing to reclaim the above-mentioned "lands affected" in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith,



WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the land affected.

WHEREAS, the Board is cognizant of the nature, extent, duration of operations, and the fact that the Operator has been unable to obtain a surety bond.

NOW THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the land affected in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith.
2. The Operator, in lieu of posting a bond or other surety hereby agrees to deposit \_\_\_\_\_ dollars (\$ \_\_\_\_\_), commencing on the day of 197\_\_\_\_, and on the same date each year thereafter, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or such lesser amount provided for in paragraph 4 herein.
3. Interest received by the Escrow Fund shall be deposited to the credit of the Escrow Fund as earned, and shall be applied in reduction of the annual payment or payments next falling due. After the total amount on deposit in the Escrow Fund reaches \_\_\_\_\_ dollars (\$ \_\_\_\_\_), or such lesser amount provided for by paragraph 4 herein, then all interest earned by the Escrow Fund shall be paid or transferred to the Operator.
4. If, prior to the termination of the expected life of the facility, the Operator completes any work which is required to be performed pursuant to the approved Reclamation Plan, then the amount required to be deposited in the Escrow Fund shall be reduced by the cost of such work as estimated on October 15, 1976 by the Division of Oil, Gas, and Mining, including the allowance for inflation for that particular cost over the full 25 year period. The total amount of such reduction shall be deducted from the next following annual payment or payments until the Operator has received full credit therefor. In order to qualify for such deductions the Operator

**MINED LANDS RECLAMATION AGREEMENT (ESCROW)  
MR FORM 7a**

**Page 3 of 7**

shall be required to certify to the Board that the work claimed has been performed pursuant to the Reclamation Plan, including a written description of the work, plans or drawings where appropriate and an accounting of the actual cost. The Operator shall be entitled to make the appropriate deduction from the deposit or deposits next falling due after the acknowledgement and approval by the Board that the work described in the certificate is contemplated by the Reclamation Plan and has been satisfactorily completed.

5. If the subject mining and milling operations terminate prior to the time anticipated in the Mining Application filed with the State of Utah, Department of Natural Resources, then the Operator will be responsible for implementation of the reclamation work in accordance with its approved Reclamation Plan, but will not be obliged to make any further deposits to the Escrow Fund under this agreement, after the termination date of such operations.
6. After termination of mining and milling operations on the subject property the Operator shall be entitled to withdraw or transfer monies from the Escrow Fund, including the allowance for inflation for all that work completed in compliance with the Reclamation Plan. The amounts to be withdrawn or transferred from the Escrow Fund shall be determined by reference to the estimates dated the 15th of February, 1978 as confirmed by the Division of Oil, Gas, and Mining for the cost of such work and the inflation thereon. A certificate made by the Operator as to completion of the reclamation work described under each of the operations listed in the aforementioned estimate shall, unless objection is made within 30 days of the delivery thereof to the Board, be sufficient to entitle the Operator to withdraw or transfer from the Escrow Fund the amount, including escalation as estimated for the work certified as complete. After the completion of the work required by the Reclamation Plan the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith, the Board agrees to give notice of termination of the Escrow Agreement to the Escrowee and to authorize repayment to the Operator of any deposit balance in excess of the actual reclamation expenditures.
7. The Board, in lieu of the posting of a bond or other surety, agrees to execute an Escrow Agreement with the Operator and any third party designated by said Operator.
8. Upon execution of the Escrow Agreement, the Operator agrees to furnish or to have the Escrowee furnish the Board with a copy of each receipt of deposit within 10 days of the date upon which the deposit is required to be made.

**MINED LANDS RECLAMATION AGREEMENT (E-CROW)**  
**MR FORM 7a**

**Page 4 of 7**

9. The Board and the Operator agree that failure by the Operator to make a deposit into the Escrow Fund within two months of the date upon which such deposit is required, shall constitute a Breach of Contract and the Board may, after notice and hearing, declare all monies in the Escrow Fund forfeited and request the Attorney General to take the necessary legal actions to enjoin further mining activities by the Operator in the State of Utah.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this       day of       197 .

**RED ALGOM CORPORATION**

By: \_\_\_\_\_

**ATTEST:**

**Secretary**

**23 APR 1975**

By: \_\_\_\_\_

## BOARD OF OIL, GAS, AND MINING

**By:** \_\_\_\_\_

**Note:** If the Operator is a corporation, the agreement should be executed by its duly authorized officer with the seal of the Corporation affixed.



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
BOARD OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116

\* ESCROW AGREEMENT \*

AGREEMENT made this       day of       1978, between  
the Board of Oil, Gas, and Mining, hereinafter called the Board,  
and       hereinafter called the Operator, and  
hereinafter called the ESCROWEE.

WHEREAS, the Board and the Operator have entered into a Mined Land  
Reclamation Agreement dated the       day of       1978 (hereinafter  
referred to as the Reclamation Agreement) upon terms and conditions therein  
set forth.

WHEREAS, the Operator desires to execute an Escrow Agreement in  
lieu of furnishing a Bond or other form of surety for the purpose of meeting the  
requirements of Section 40-8-14, UCA, 1953.

IT IS THEREFORE AGREED:

1. Deposit of Escrow Fund

Commencing on the 1st day of March, 1978, and on the same  
date annually thereafter, the Escrowee agrees to accept and  
the Operator agrees to deposit       dollars  
(\$       ), in what will be hereinafter referred to as the  
Escrow Fund, until such time as said Escrow Fund contains  
dollars (\$       ), including interest.

The annual deposit in the total amount of  
dollars (\$       ) shall consist of (a) interest received by  
the Escrow Fund during the year ending with the annual payment  
date and (b) the balance in cash contributed by or on behalf of the  
Operator. All deposits, including interest earned by the monies  
in said Fund, shall accumulate to the benefit of the Fund until  
this Escrow Agreement is terminated by mutual consent of the  
undersigned or until the total amount on deposit in the Escrow  
Fund reaches       dollars (\$       ) or  
such lesser amount provided for by paragraph 4 of the Reclamation  
Agreement or disbursement of the Funds therein is ordered by a  
court of competent jurisdiction. After the total amount on deposit  
in the Escrow Fund amounts to       dollars  
(\$       ) or such lesser amount provided for by paragraph 4  
of the Reclamation Agreement all interest earned and received by  
the Escrow Fund shall be paid or transferred to the Operator.



## 2. Depository of Fund

The Fund shall be held by the Escrowee in an interest bearing account separate and apart from the personal funds of the Escrowee until such time as the Escrowee receives written direction, with respect to the disbursement of said Fund, together with interest earned thereby signed by both the Board and the Operator. The Escrow Fund or any part thereof may be invested in Treasury Bills, Notes or Bonds issued by the U.S. government or by its agencies, or by any state and in Bonds or Commercial Paper issued by corporations, banks and utilities which have a Single A or higher bond rating from either Standard and Poor's Corporation or Moody's. The Operator is hereby authorized to instruct and direct the Escrowee with respect to investment of monies in the Escrow Fund.

Any cash balances in the Escrow Fund resulting from contributions, earned interest or proceeds from sale, maturity or other repayment of any investment will be deposited in an interest bearing account for benefit of the Escrow Fund.

## 3. Disputes

In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any money, or property involved herein or affected hereby, the Escrowee shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrowee shall not become liable to the undersigned or any of them or to any other person for failure or refusal to comply with such conflicting or adverse demands and the Escrowee shall be entitled to continue to refrain and refuse to act until:

- (a) the rights of the adverse claimants having been finally adjudicated in a court assuming and having jurisdiction of the parties, the money and property involved herein or affected hereby; and/or
- (b) all differences shall have been adjusted by agreement and the Escrowee shall have been notified thereof in writing signed by all of the interested parties.

## 4. Liability of Escrowee

The Escrowee shall not be liable for any error of judgement or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection herewith, except his own willful misconduct.

## 5. Protection of Escrowee

The Escrowee shall be protected in acting upon any notice, request, waiver, consent, receipt of other paper or document believed by the Escrowee to be genuine and to be signed by the proper party or parties.



**ESCROW AGREEMENT (MR FORM 7b)**

Page 7 of 7

**6. Accounting**

The Escrowee shall under no circumstances, be compelled to furnish a formal accounting for the Escrow Fund other than at the end of each calendar year, to notify the Board and the Operator as to the date each payment was made into said Fund, the total amount contained therein and the interest accumulated thereby.

**7. Fee**

The fee of the Escrowee has been fixed by the Operator and the Escrowee under separate agreement. The Escrowee shall not be entitled to any additional fee for services rendered under this agreement.

**8. Modification**

This agreement may not be altered or modified without the express written consent of the Operator, the Board and the Escrowee.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this                      day of  
197 .

**RIOALGOM CORPORATION**

By: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
**Secretary**

**ESCROWEE**

By: \_\_\_\_\_

**BOARD OF OIL, GAS, AND MINING**

By: \_\_\_\_\_